

2008-2009 PERFORMANCE PLAN – Sr. Investment Officer, Fixed Income (C. Ishii)

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Quantitative Performance Measures

Weight	Factor	Performance Measure	Incentive Schedule	1 st Quarter Status Update
45%	CalPERS Domestic Fixed Income (FI), Internal	Net of Fees, excess return in basis points relative to: Domestic Fixed Income (FI), Internal – CalPERS Custom LEH LPF {SW4KA1 – CALCCLP2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	-391 bps {(5.50) – (1.59)}
25%	Total Fund Performance	Excess return deviation in basis points relative to: Total Fund Performance Benchmark. {SJ1CA1 – CPERST02}	-40 basis points = 0 0 basis points = 1.0 +20 basis points = 1.5	-250 bps {(10.81) – (8.31)}
5%	Other Managed Fixed Income Funds	Net of Fees, excess return in basis points relative to: <ul style="list-style-type: none"> (2%) High Quality LIBOR Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW3X – CPERLFFD} (1%) Short Duration Fund – CalPERS Blended Libor Fed Fund Index (Daily) {SW9D – CPERLFFD} (1%) CalPERS Internally Managed Short Term – State Street STIF Net of Fees {SJ10 – Y8K2} (1%) CalPERS Inflation – Linked Bond Fund-Lehman Custom Inflation-Linked Bond Index {SWGN – CPERLTPI} 	0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +30 basis points = 1.0 +45 basis points = 1.5 0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5 0 basis points = 0 +5 basis points = 1.0 +8 basis points = 1.5	-106 bps {(0.57) – 0.49} -165 bps {(1.16) – 0.49} +1 bp {0.64 – 0.63} +8 bps {(5.56) – (5.64)}
5%	Internal Passive Currency Overlay Management	Net of Fees, return in basis points relative to: Passive currency overlay portfolio – PERS Pareto CCR {SW5PB – YET2}	-50 basis points = 0 -30 basis points = 1.0 -20 basis points = 1.5	-47 bps {(0.76) – (0.29)}
5%	Active International Fixed Income Managers	Net of Fees, excess returns in basis points relative to: Aggregate of the International Fixed Income Managers – CalPERS World Govt X US: {SJDCA1 – CALWGXU2}	0 basis points = 0 +40 basis points = 1.0 +60 basis points = 1.5	-152 bps {(5.75) – (4.23)}
85%	Subtotal	Qualitative Measures		

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Weight	Factor	Performance Measure	Incentive Schedule	1 st & 2 nd Quarter Status Update
15%	Leadership	<p>Demonstrate a commitment to leadership and ongoing communication within the Investment Office and in the external investment community as follows:</p> <ul style="list-style-type: none"> • Employee Performance and Development – By 6/30/09 ensure 90% completion rate for annual performance appraisals and employee development plans. • Employee Mentoring and Recognition – By 6/30/09, take proactive steps to coach and mentor employees, provide succession planning, and acknowledge staff (e.g. through activities such as providing training and development opportunities, holding recognition events, and effectuating the transfer of knowledge) • 360 Feedback Process – <ul style="list-style-type: none"> • By 12/1/08 begin the individual 360 feedback survey assessment process. • By 2/1/09 identify one to two areas of personal development. • By 6/30/09, participate in all personal coaching sessions provided and complete the development opportunity identified. • Investment Office Strategic Initiatives and Cultural Alignment – Ensure the successful implementation of the strategy and cultural alignment efforts by completing the following: <ul style="list-style-type: none"> • By 9/30/08, identify from our cultural profile an area in which we need to improve our culture and implement an improvement in my area by 3/30/09. • By 12/31/08, participate in a cultural reinforcement session with the Investment Office. • By 6/30/09, participate in the implementation of at least one Investment Office strategic initiative. • By 6/30/09, contribute to healthy dynamics and cultural alignment in the Investment Office (e.g. by demonstrating productive participation in meetings, communicating across asset classes, and clearly setting and communicating priorities) • External Investment Community – By 6/30/09, represent CalPERS in the external investment community through a meaningful and substantive engagement as follows: <ul style="list-style-type: none"> • Serve on at least one external board or committee; or • Conduct at least one presentation at conference or similar event; or • Write an article. 	From Schedule	<p>Employee Performance and Development: As of 12/31/08, completed 100% of annual performance appraisals and employee development plans.</p> <p>Employee Mentoring and Recognition: Completed ACE awards for 2 FI teams; held luncheon celebration for FI staff who passed CFA exam; met with staff to improve development; included SPM in Asset Allocation Meeting</p> <p>360 Feedback Process: Completed 360 feedback for 14 senior staff members; worked with coach to improve personal development; participated in all sessions provided; completed 360 process by 12/31/08</p> <p>Strategic Initiatives/Cultural Alignment: Participated in Senn Delaney Reinforcement Session on 10/6/08; identified communication and silo issues in FI; identified an Annual Investment Forum for Senior Staff focused on Secular</p>

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Weight	Factor	Performance Measure	Incentive Schedule	1 st & 2 nd Quarter Status Update
	Leadership, cont.	<ul style="list-style-type: none"> <u>Diversity - By June 30, 2009, actively promote and achieve diversity among our investment partners and staff by doing at least two of the following:</u> <ul style="list-style-type: none"> <u>Participate in at least one event designed to recruit staff to CalPERS</u> <u>Participate in at least one outreach, education, or networking event that supports diversity in the public pension fund partner/manager community</u> <u>Identify and gain approval for a diversity related initiative or project in the Investment Office or in the CalPERS enterprise(e.g., identify and implement a new emerging manager program, suggest and obtain approval for an outreach or educational event, identify and eliminate a requirement in an existing program that may serve as an artificial hurdle for new and emerging firms, or identify and implement an expansion or enhancement to an existing diversity program or effort)</u> 		<p>Forces; taking the lead for the first Annual Investment Forum for Senior Staff Scheduled for 1/28/09</p> <p>External Investment Community Asked to serve as moderator for upcoming (1/09) Opal Financial Group's Public Funds Summit; In charge of planning and coordinating Annual Planning Forum scheduled for 1/09.</p> <p>Diversity On-going; participated in annual TOIGO recruitment event on 11/20/08</p>
15%	Subtotal	Qualitative Measures		
100%	Total	Quantitative and Qualitative Measures		